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SUBJECT: A VISION AND A WAY FORWARD FOR CG DUESSELDORF

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11. Summary: After a thorough review of CG Duesseldorf operations, we have developed a roadmap for the long run that differs radically from the past and implements the Secretary's transformational diplomacy directives. Our vision is to continue advancing vital US interests in Germany and Europe from a small platform in North-Rhine Westphalia (NRW), Germany's most populous and politically and economically most important state. By fall 2008, when our restructuring is complete, our presence and activities here will be transformed. Following the closure of our American Citizen Services section in July and the transfer of five PD staff from Amerika Haus Cologne (AHK) to Duesseldorf by the end of FY 2007, our core focus will be on our interests in the heart of western Germany: supporting American business and promoting economic relations with the U.S.; public diplomacy, particularly engaging with NRW-based national and regional media and promoting a more sophisticated understanding of the U.S. among elites, opinion leaders and successor generations; and political and terrorism-related reporting. As NRW (and Cologne in particular) is widely considered the "capital of Islam in Germany," we will ramp up our already significant Muslim engagement. Finally, we are completing the transfer of AHK to a coalition of German partners who will establish an institution with which we can cooperate on future public affairs activities, providing an unofficial but important public presence. This much smaller footprint will enable continued effective representation of USG interests in this powerful region in the heart of Europe. End Summary.

Why NRW Matters

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12. A small USG presence in NRW will deliver quantifiable added value for our interests that are very difficult if not impossible to accomplish remotely, say, from Berlin or Frankfurt. To review NRW's very prominent position within the German context and more broadly -- which U.S. business constituencies (including USDOC) as well as German and other experts well understand but which can be underappreciated -- we summarize some of NRW's more salient aspects:

-- NRW has about 22 percent of the German population and a comparable share of total GDP. Demographers and economists liken NRW's economic weight and importance for Germany as a whole -- in U.S. terms -- to that of California, Texas and New York combined. If NRW were an independent country, it would rank about 17-19th in the world in terms of its GDP (2005 figures), or on the order of magnitude of a Netherlands, Australia, Switzerland, or Brazil. Among the EU 27, NRW is sixth in terms of GDP (after Spain) and eighth in terms of population (after Romania).

-- Nearly half (21 or 42%) of the top 50 German companies and

1/3 of the DAX 30 firms are headquartered in NRW -- including heavyweights like Deutsche Telekom, Deutsche Post, Henkel, E.ON, RWE, Bertelsmann, ThyssenKrupp, and Bayer; all have enormous interests in the United States and employ hundreds of thousands of Americans.

-- About 640 U.S. companies are located in NRW, directly employing some 170,000 and many thousands more, generating some 54 billion Euros annually. The most important U.S. firms include: Ford Germany and Ford Europe HQ (a production facility employing 18,000 persons); the largest Opel (GM) assembly plant in Germany; 3M; UPS; QVC; Microsoft; Delphi; Johnson Controls; Masterfoods; Heinz; DuPont; Goodyear; all the major U.S. consulting companies; several major U.S. law firms; and fashion and advertising firms. Half of Germany's largest wholesalers and retailers, which are excellent partners for US exporters, are based in NRW. Many of these serve as European or regional headquarters.

-- NRW is the world's number one trade fair location, with more than 100 internationally leading trade fairs per year in Cologne, D|sseldorf, Essen and Dortmund, which attract more than 6 million visitors/year. This is one major reason for the large FCS presence in Duesseldorf (the largest in Germany and one of the largest in Europe). NRW thus is pivotal because of its own market size, purchasing power, and excellent infrastructure and is increasingly important as a platform for U.S. firms to do business worldwide.

-- NRW hosts more than 5 million trade visitors annually. Duesseldorf's FCS Section aggressively supports the 3,000 plus US exhibitors (2005/2006) and, through its industry specialization role, hundreds of exhibitors at shows outside of NRW. FCS Duesseldorf has lead responsibility within Mission Germany for over 24 industry and consumer product sectors, with particular focus on the healthcare technologies (for which it coordinates activities among Commercial Service posts in Europe and other regions of the world), industrial and capital goods and materials, and many consumer products.

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-- FCS Duesseldorf is the worldwide leader in the Commerce Department's recently announced "Invest in USA" program. Future investments by German firms in the U.S. are projected to exceed \$3 billion over the near term, generating tens of thousands of direct and indirect American jobs.

-- About one third of Germany's more than 3 million strong Muslim population resides in NRW. The four leading Muslim umbrella organizations (Zentralrat der Muslime/ZMD, Islamrat, DITIB, Verband der Islamischen Kulturzentren/VIKZ), as well as the newly formed Coordination Council of Muslims (KRM), are headquartered in the state, as are other key groups, such as Milli Gvr|s.

-- NRW remains the only state in Germany with an Integration Ministry with a special responsibility for integrating NRW's large immigrant population, in particular those with a Turkish and Muslim background.

-- More than 450,000 students study at NRW universities which educate about 23 percent of all university graduates in Germany. Five of Germany's ten largest universities are located in NRW, including Cologne, Germany's largest, with 45,000 students.

-- Six German ministries (including Defense, Foreign Aid, and Environment), key to advancing U.S. interests in Europe and globally, remain in the Bonn area. This also applies to the Ministry of Health and ancillary institutions, which are of particular significance to FCS. A number of important German federal agencies important to US business and other interests (e.g. the Federal Cartel Office and the Regulatory Authority for Telecommunications and Energy) also remain in Bonn, where more federal workers work than in Berlin. Seven U.N. organizations are headquartered in Bonn.

-- NRW has the second largest number of foreign representations in Germany by consular district: Berlin approx 131; D|sseldorf 53 (plus 34 trade and investment promotion offices); Frankfurt 44; Hamburg 31; Munich 27; and Leipzig 6 (Duesseldorf figures from April 2007; others from 2006).

-- NRW is the second most populous consular district in Mission Germany, with a population of about 18.1 million. (Frankfurt leads with 21.9, Hamburg is third with 14.9, followed by Munich with 12.4, Leipzig with 9.1 and Berlin with 6 million.)

Who We Want to be After 2008

13. We are revamping our structure to create a CG Duesseldorf resting on four pillars that will enable us to advance U.S. interests in this major region, but with significantly fewer personnel and other resources.

a) Two American officers (PO and IROG) along with 12 total LES staff (PD, P/E, and MGT). This would be two FSO and seven LES positions fewer than we had in summer 2006. This scenario depends on replacing the three FSOs (PAO, P/E and CON/MGT) we will have lost by summer 2008 with one IROG officer (who would handle PD, P/E, and MGT functions), using a position reprogrammed from Berlin to coincide with the 2008 summer transfer cycle (see septel). Without this additional officer, we would be unable to carry out our current responsibilities to the Mission or to Washington, and could only provide a much reduced PD program, less visit support, and little reporting.

b) A robust Commercial Service presence consisting of seven LES staff and a locally engaged American Director, to cover the enormous amount of trade fair activity in NRW and to promote trade and investment ties. This represents no change from the present.

c) A 5-person PD section consisting of a Cultural Specialist (senior PD FSN), a Press Specialist, the Information Coordinator, and two Cultural Affairs Assistants. This team will assume the most important activities of the four PD LES staff whose positions are being eliminated. As NRW (and Cologne in particular) is widely referred to as the "capital of Islam in Germany," we will ramp up our already significant Muslim engagement. We have also made a promising start in transferring AHK to a coalition of German partners who, under the leadership of Cologne Mayor Fritz Schramma, will take over a legacy institution that will -- in the successful tradition of German-American Institutes in Bavaria and Baden Wuerttemberg -- significantly enhance our public affairs activities, providing unofficial but important public presence.

d) An Amcit Consular Agent working out of the successor institution to AHK in Cologne, occupying an office that Mayor Schramma has offered to the USG at no cost. This proposal would

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help mitigate the negative PR effects the cessation of all ACS services will have among the estimated 11,000 Amcits (plus dual nationals, whose number we do not know but believe could easily exceed 20,000) who reside in our consular district, as well as among the almost two thousand German citizens and other nationals who use our notarial and other services annually. It would also handle the more time consuming ACS work (prison visits, child custody, etc) that would be inefficient to cover from Frankfurt. This scenario is vastly less expensive (approximately \$35,000/annum for a full time Consular Agent, or about 1/3 the cost of one senior FSN) than the current ACS unit. A cable spelling out this scenario follows septel.

Comment

14. The vision sketched out here for CG Duesseldorf will result in major savings while ensuring a trimmed-to-the-bone staffing

pattern and minimal footprint for advancing US interests in a major region in Germany and Europe. We have undertaken this thorough review of our operations in close cooperation and consultation with Embassy Berlin. The Consulate General would be unable to manage the breadth and depth of our interests in NRW with only one American officer -- however talented and active, and however good our LES staff may be. A one-officer scenario (essentially an expanded APP) would be unable to cover properly a state as important as NRW in a country as important as Germany. From this small platform, we will be able to continue mobilizing important constituencies as partners in our bilateral and global agenda, engaging Germany's most important Muslim leaders and population centers, and providing the support that U.S. business expect and deserves.

15. An additional FSO position, reprogrammed from Berlin in summer 2008 would enable us to do considerably more than with only one officer, and significantly improve our productivity, particularly in the PD area. A Consular Agent would lessen the pressure on Frankfurt, which will face major increases in workload and costs following the transfer of consular services, while also demonstrating USG commitment to American citizens.

16. Embassy Berlin has cleared this cable.  
BOYSE